

Towards the 21st Century - The Social Question

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The "social question" in Brazil can be summarized in three observations which stand out whenever one looks at the country's data: inequality is very high, there are still very significant pockets of absolute poverty, and the country's social conditions have been improving systematically. The questions are whether this improvement will be fast enough to correct the country's major social imbalances in the near future, and whether this progress will be sustained, or hampered by new problems or catastrophic crises of some kind. Let me address these issues very briefly, in the twenty minutes I was given in this seminar.

Type of occupation	% of the active population	Average earnings of all sources (reais per month)
regular employees in the "formal" private market	26.9%	556.16
military	0.4%	872,63
public employees (civil servants)	5.9%	803,01
others (workers in the "informal" economy)	16,2%	285,45
domestic workers, regular employment	1.5%	212.88
domestic workers, "informal"	5.3%	149.36
self employed	20.8%	519.39
employers	3,4%	1,968.95
working for their own consumption	4.0%	116.50
without salaries	8.5	15.9
Total		466.21

Inequality

The standard measure of income inequality is the Gini Index, and in the World Bank's *World Development Indicators* Brazil appears with the highest figure, 63.4, compared with Chile's 56.5, Costa Rica's 46.1, and South Africa's 58.4. The Brazilian figure was from 1990, and since then the index has fallen to about 59.0, still very high. Income inequality in Brazil has two major components. One is regional: the average monthly income in the Northeast was 301 reais in the Brazilian Northeast (PNAD 1996), against 601 reais in the Southeast. The other is social, and strongly related to education. The amount and quality of formal education in Brazil are still very low, and the wages of the uneducated can be ten or more times smaller than those of the

educated¹. Inequality in the rural area is also related to land concentration, although the number of persons living in the countryside and living out of traditional agriculture has fallen dramatically in the last several years.

Poverty

Statisticians diverge on how to measure poverty, and, depending on the criteria, the number of paupers in Brazil varies enormously. The 1996 *World Development Report* gives 38% of the Brazilian urban and 66% of the rural population as living in poverty. The World Bank considers one dollar per person per day as a minimum threshold for poverty, and according to this criterion, 8.4% of the Brazilian families are at that level or below; 25.2% earn two dollars a day or less, and 47.7 three dollars or less (PNAD 1995). Another way of looking at poverty is through the services and equipment available in the country's households. In 1996, 92.9 of the homes had electricity, 78.2 refrigerators, 84.3% TV sets, 77.6 access to treated water. These figures are consistent with the fact that about 20% of the households were in rural areas.

Poverty is strongly related to little education, of course, and also to precarious work. Open unemployment in Brazil (persons who are actively looking for work and do not find any) is low, around 6% of the active population; but more than half of the active population is in the so-called "informal economy": they are self-employed or work without formal job contracts. Global figures on poverty mask the existence of very different groups, in very different situations. The lowest income sectors are in stagnant areas in the countryside, and they are not necessarily the worst off. They can often work for self-consumption, and have been migrating to urban areas in large numbers in the last half-century. Urban paupers can have more monetary income and some services and equipment in their houses, but they do not have a place to go, are probably more susceptible to the consequences of unpredictable work, disorganized family life, violence, drug dependency and new diseases such as AIDS than the traditional rural poor.

Compared with these huge differences in income, education and job conditions, other conditions associated with poverty, which often gain the front pages of newspapers and TV programs, are much less significant. The Brazilian statistical office counted about 250 thousand Brazilian Indians in 1996², compared with 86 million whites, 59 million "pardos"(mixed blood) 9.2 million blacks, and 650 thousand Orientals. The conditions of the Indians are precarious, and income levels of blacks and "pardos" are systematically lower than those of whites; and women also earn less than men. But these differences due to gender, race or culture on themselves pale in comparison with those related to education and job conditions.

Trends

We can sum up the trends by saying that social conditions are improving, but the labor market is not growing and improving as it would be necessary.

The main trends in the social area in Brazil are the following:

¹ Data on income inequality refer earned income, not to assets.

² Excluding the rural areas in the North, which accounts, however, for a small percentage of the total population

- Most of the population already lives in urban sectors, which means that the process of migration from country to town is much less intense now than in the past; the large metropolitan areas are not growing any longer.
- women have entered in the labor market and in formal education in large quantities. Two thirds of the married women work. Educational levels for young women are higher today than men's.
- fecundity rates have dropped dramatically, approaching 2.1. However, population will continue to grow in the next 20 or 30 years, because of the current age structure;
- general sanitary conditions are improving: infant and child mortality is being reduced, life expectancy is improving almost everywhere.
- Education is also improving: illiteracy is falling, school enrollment for children is approaching 100%, people are staying longer and advancing more in their learning. However, secondary education is still very limited, and the percentage of youngsters in higher education was reduced since 1980, nearing about 8% today.

The short-term trends on the labor market are worrisome, however, because of the slow pace of economic growth and the pressures on firms to increase their efficiency and competitiveness, combined with the continuous decline in employment in the rural sector. Formal, regular employment is being reduced, and the active population is not growing.

Future issues

The new demographic trends, combined with the changes in the economy, create some opportunities and perspectives for improvement, but also some new and potentially worrisome problems. On the positive side, the demographic pressure on the metropolitan areas is being reduced, easing the costs of public transport, housing and sanitation, and the "agrarian question", although in the headlines, is much more limited in scope than it was in the past, and is not likely to worsen. On the negative side, an ageing population creates new demands for expensive health care and retirement benefits. More seriously, the combination of an education system which improves slowly, a labor market dominated by precarious jobs and activities and a still growing young adult population, is a fertile ground for all kinds of urban problems, from criminality to drug abuse and the spreading of AIDS.

If the economy grows at higher rates, the job situation will improve, and there will be more resources to attend to the old and new social problems. Even so, there are important changes in Brazilian society which will have to be overcome, if the social conditions are to improve more quickly. One is to reduce the enormous wage differentials between the educated and the non-educated; the main mechanism for this is to invest heavily in schools and increase the opportunities for education. The second is to change the current system of distribution of social benefits, which is biased, today, in favor of higher income groups, and cannot be sustained even if the economy grows at very high rates.

The main conclusion is that economic growth, helpful as it is, would not be enough to improve Brazil's social conditions with the necessary speed and depth. Social action is necessary, regarding specially needed groups, remedial care for extreme situations of poverty, protection of minority groups, new rural settlements, end of discrimination. Important as these actions are,

however, they will amount to little without deep changes and new policies in the areas of education, health care, retirement benefits and the regulation of the job markets. These are the central, structural determinants of social inequity, which should be recognized as such.